

# COMMITTEE REPORT

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## MR. PRESIDENT:

The Senate Committee on Commerce and Consumer Affairs, to which was referred Senate Bill No. 412, has had the same under consideration and begs leave to report the same back to the Senate with the recommendation that said bill be AMENDED as follows:

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- 2       Page 1, delete lines 1 through 17.
- 3       Page 2, delete lines 1 through 30.
- 4       Page 2, line 31, delete "IC 9-13-2-181.5" and insert "IC
- 5 9-13-2-93.5".
- 6       Page 2, line 33, delete "181.5. "Trade name"" and insert "**93.5.**
- 7 **"Line make"**".
- 8       Page 2, line 39, delete "standard" and insert "**standards**".
- 9       Page 2, delete line 42.
- 10       Page 3, delete lines 1 through 28.
- 11       Page 3, line 31, delete "standard" and insert "**standards**".
- 12       Page 3, line 32, delete "IC 9-23-3-25(b)," and insert "**IC**
- 13 **9-23-3-14(c),**".
- 14       Page 3, line 33, after "manufacturer" insert "**or distributor**".
- 15       Page 3, delete lines 35 through 42.
- 16       Page 4, delete lines 1 through 6.
- 17       Page 4, line 8, after "14." insert "**(a) This section does not**
- 18 **authorize a manufacturer or distributor and its franchisees in**
- 19 **Indiana to establish a uniform hourly labor reimbursement rate**
- 20 **effective for the entire state.**
- 21       **(b)".**

- 1 Page 4, line 9, delete "reasonably".
- 2 Page 4, line 10, after "for" reset in roman "the".
- 3 Page 4, line 10, delete "diagnostic".
- 4 Page 4, line 11, delete "repair".
- 5 Page 4, line 16, reset in roman "Judgment of the reasonableness
- 6 includes consideration of".
- 7 Page 4, reset in roman line 17.
- 8 Page 4, line 18, reset in roman "area as well as mechanic's wages
- 9 and fringe benefits.".
- 10 Page 4, line 18, delete "The".
- 11 Page 4, delete lines 19 through 21.
- 12 Page 4, between lines 21 and 22, begin a new paragraph and insert:
- 13 **"(c) A manufacturer or distributor and a majority of its**
- 14 **franchisees in Indiana of the same line make may agree in an**
- 15 **express written contract citing this section to a uniform warranty**
- 16 **reimbursement policy to be used by franchisees for the**
- 17 **performance of warranty repairs. The contract must include the**
- 18 **reimbursement for parts used in warranty repairs or the use of a**
- 19 **uniform time standards manual, or both. The allowance for**
- 20 **diagnosis within the uniform time standards manual must be**
- 21 **reasonable and adequate for the work and service to be performed.**
- 22 **The manufacturer or distributor shall have:**
- 23 **(1) only one (1) agreement with each line make; and**
- 24 **(2) a reasonable and fair procedure for franchisees to request**
- 25 **a modification or adjustment of a standard included in the**
- 26 **uniform time standards manual.**
- 27 **(d) A contract described in subsection (c) must meet the**
- 28 **following criteria:**
- 29 **(1) Establish a uniform parts reimbursement rate that must**
- 30 **be greater than the manufacturer's or distributor's nationally**
- 31 **established parts reimbursement rate in effect at the time the**
- 32 **contract becomes effective. A subsequent contract must**
- 33 **include a uniform reimbursement rate that is equal to or**
- 34 **greater than the rate in the immediately prior contract.**
- 35 **(2) Apply to all warranty repair orders written while the**
- 36 **agreement is in effect.**
- 37 **(3) At any time during the period the contract is in effect:**
- 38 **(A) be available to any franchisee of the same line make as**
- 39 **the franchisees who entered into the contract with the**
- 40 **manufacturer or distributor; and**
- 41 **(B) be available to the franchisee of the same line make on**
- 42 **the same terms as apply to the franchisees who entered**

- 1           into the contract with the manufacturer or distributor.
- 2           (4) Be for a term not to exceed three (3) years.
- 3           (5) Allow any party to the uniform warranty reimbursement
- 4           policy to terminate the policy with thirty (30) days prior
- 5           written notice to all parties upon the annual anniversary of
- 6           the policy, if the policy is for at least one (1) year.
- 7           (6) Remain in effect for the entire life of the original period if
- 8           the manufacturer and at least one (1) franchisee remain
- 9           parties to the policy.
- 10          (e) A manufacturer or distributor that enters into a contract
- 11          with its franchisees under subsection (c) may only seek to recover
- 12          its costs from a franchisee that receives a higher reimbursement
- 13          rate, if authorized by law, subject to the following:
- 14               (1) Costs may be recovered only by increasing invoice prices
- 15               on new vehicles received by the franchisee.
- 16               (2) A manufacturer or distributor may make an exception for
- 17               vehicles that are titled in the name of a purchaser in another
- 18               state. However, price increases imposed for the purpose of
- 19               recovering costs imposed by this section may vary from time
- 20               to time and from model to model and must apply uniformly to
- 21               all franchisees of the same line make that have requested
- 22               reimbursement for warranty repairs at the prevailing retail
- 23               price charged by the dealer.
- 24          (f) A manufacturer or distributor that enters into a contract
- 25          with its franchisees under subsection (c) shall do the following:
- 26               (1) Certify to the bureau under oath, in a writing signed by a
- 27               representative of the manufacturer or distributor, that at the
- 28               time the contract was entered into a majority of the
- 29               franchisees of the line make were parties to the contract.
- 30               (2) File a copy of the contract with the bureau at the time of
- 31               the certification.
- 32               (3) Maintain a file that contains the information upon which
- 33               the certification required under subdivision (1) is based for
- 34               three (3) years after the certification is made.".
- 35          Page 4, delete lines 22 through 42.
- 36          Delete pages 5 through 8.
- 37          Renumber all SECTIONS consecutively.
- (Reference is to SB 412 as introduced.)

**and when so amended that said bill do pass .**

Committee Vote: Yeas 8, Nays 0.

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**Senator Server, Chairperson**